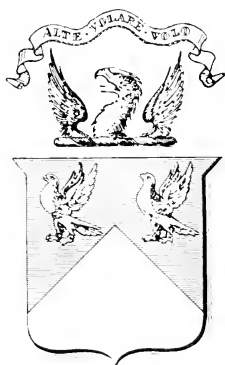


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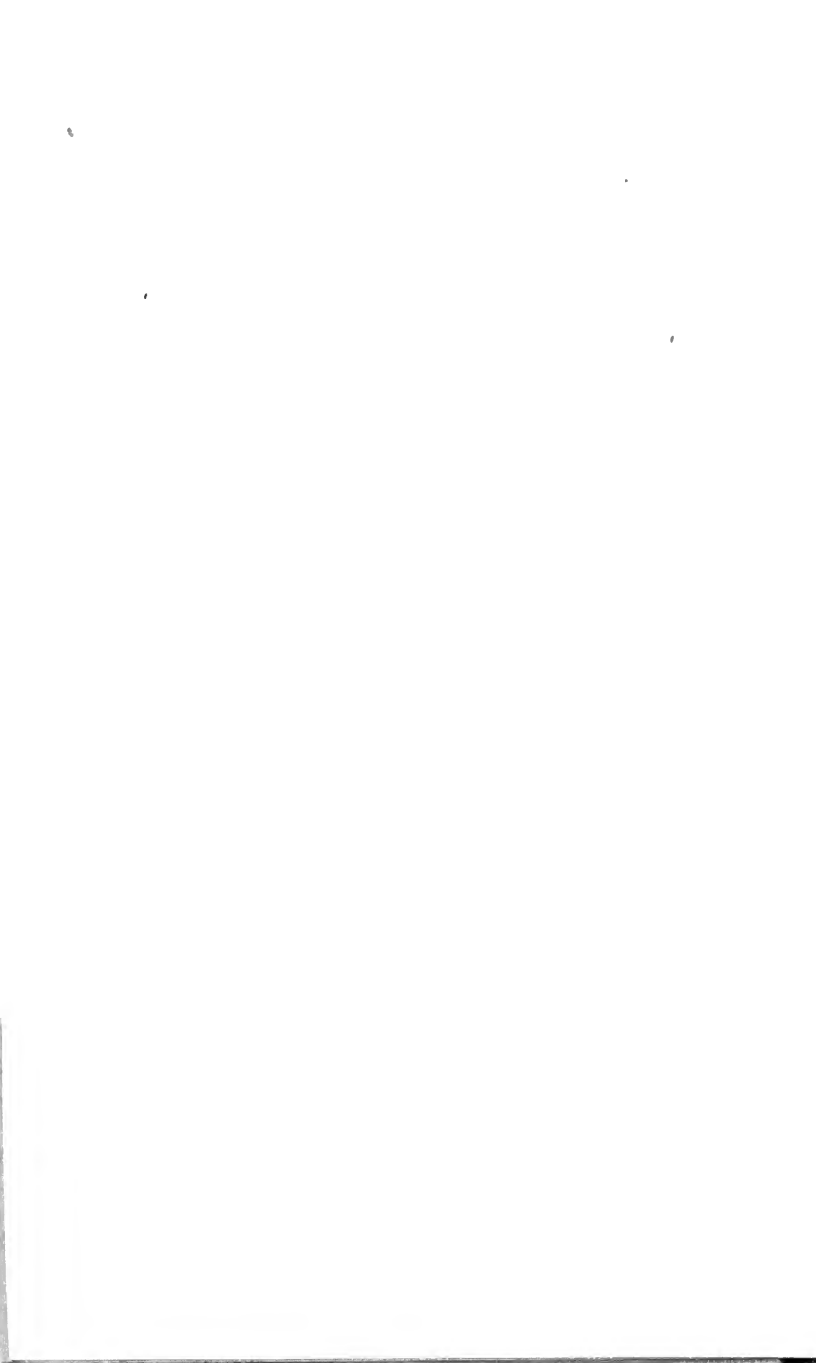
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EDWARD HENRY HARRIMAN.

AN ADDRESS DELIVERED BEFORE THE FINANCE FORUM
IN NEW YORK ON JANUARY 25, 1911,

BY

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FROM: JAMES STEPHENS

TO: VNU
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I first met Mr. Harriman in the year 1894. At that time what moderate degree of importance attached to his person in the financial community rested mainly upon the fact of his being chairman of the finance committee of the Illinois Central Railroad. It was then a well known circumstance among bankers that the Illinois Central's finances were managed with remarkable skill and foresight. Somehow or other, it never had bonds for sale except in times when bonds were in great demand; it never borrowed money except when money was cheap and abundant; periods of storm and stress ever found it amply prepared and fortified; its credit was of the highest. The few acquainted with the facts conceded that Mr. Harriman was a shrewd financial manager, but he had reached the age of nearly fifty years without attracting any general attention. In later life, when in reminiscent moods, he used to say that the fact that he had been born and bred in New York, and had done his work right here in the midst of people many of whom had known him a great number of years, had militated considerably against his recognition. He thought if he had "blown" into New York from the West, his rise would have been a good deal more rapid. It was the old story of the prophet having little honor in his own country. Even after he had started on his course of achievements in the Union Pacific Railroad those of us who then began to speak about the man's marvellous capacities, used to be met frequently with remarks such as: "Ned Harriman! Why, I knew him years ago as a little "two dollar broker." What should he know about practical railroading? How could he suddenly be developing these wonderful qualities you speak of? You can't make me believe that a man can have lived in this community for nearly fifty years, have been known

to lots of people, have made a fairly successful career, and then all of a sudden turn out to be a genius."

My first vivid impression of Mr. Harriman dates back to a hot summer afternoon in 1897, when, looking pale, weary, and tired out, he came to my firm's office to induce us to take an interest with him in a certain business. We did not particularly care for it, and told him that we preferred not to join in the transaction. He argued to convince us of its merits, and, finally, not having made any headway, he desisted. I thought he had accepted our declination. He got up to go, but turned around at the door and said: "I am dead tired this afternoon, and no good any more. I have been on this job uninterruptedly all day, taking no time even for luncheon. I'll tackle you again to-morrow, when I am fresh. I'm bound to convince you, and to get you to come along." He did. He came again the next day, and finally we yielded to the sheer persistency of the man, and to the lucidity of his arguments. It is worth mentioning, by the way, that his judgment was right; the business turned out very well.

The incident has impressed itself upon my mind because though of small importance in itself it was so characteristic of the man. There was first of all the correct judgment as to the merits of a proposition and as to its outcome—a judgment marvellously clear and sure, almost infallible. There was, secondly, the iron determination—so conspicuously in contrast to his frail appearance—the dogged persistency in pursuing and carrying out his purpose. He did not know the meaning of the word "defeat". He never "threw up the sponge". His power of will was nothing short of phenomenal; and by its exercise, coupled with his indomitable pluck and amazing brain faculties, I have seen him perform veritable miracles in the way of making people do as he wanted. One instance, as an illustration:

It should be borne in mind that the incident, which I am about to relate, occurred in 1898 or 1899, at a time when

Mr. Harriman was but at the threshold of his successes, and had not yet acquired the commanding prestige which came to him in later years, and which, when once attached to a man's name and personality, naturally adds very greatly to his influence over other people. At the time I speak of, he had been invited to take an interest in a certain property, and though not greatly caring for the proposition, had accepted. A few months afterwards the people who had sought Mr. Harriman's co-operation suddenly sold out their holdings in the property to a group of men who thereupon proceeded to assume the control now rightfully theirs, and to substitute themselves and their appointees in place of Mr. Harriman and his colleagues. Having, myself, a somewhat indirect interest in the situation, I had occasion to discuss it with him, and referred to the cessation of his short-lived connection with the property, which I took as a matter of course. To my surprise, he interrupted me, calling out: "Hold on. Not so fast! I am not through with this thing yet, by any means. I can't be played fast and loose with like this. I did not care particularly to go into it, as you know; but, having been urged to do so and having done so, I am in it to stay." I replied, "Of course, you have a just grievance against the men who have quit. Having asked you of their own initiative to co-operate with them, it was a mean and improper act on their part to sell out without first conferring and consulting with you. But it's done, the newcomers are in rightful control, it's no use making a fuss, and it seems to me that the best, and indeed the only thing for you to do is to look pleasant and get out. As a matter of fact, why should you care? That property is of very little interest to you." He reiterated his view, and his determination not to give in. I said, "Well, what are you going to do about it? They have the right to turn you out without ceremony, if you do not give way gracefully." He answered, "I don't know yet. I'll just stand pat and not budge, and watch."

After a while the newcomers found out that, while all of the others concerned accepted the situation, Mr. Harriman would not quit without a fight, and, though they were clearly in a position to win, as far as their immediate object was concerned, they hesitated to attack so determined an opponent. Things went on like this for several months, Mr. Harriman retaining an attitude of quiet but uncompromising defiance. The newcomers somehow or other began to feel uncomfortable. Here was a man who was beaten, yet who did not know it, who did not get out of the way of a steam roller, as he obviously ought to have done, according to all the rules of self preservation; and who now and then, metaphorically speaking, made a significant movement towards his hip pocket. His attitude disturbed them. They could not make it out. It was contrary to all logic, experience and usage that a man should flatly and obstinately decline to step out when they had the actual power by the simple process of casting their votes to throw him out. What did it all mean? Was there any weak point in their position which they had overlooked? They had the votes, a clear majority; yet Harriman must have some good counter-move up his sleeve, something which gave him that calm confidence to stand up and jauntily invite a fight. A bluff, perhaps? They were pretty good at that game themselves, but they argued that this hand would have been too easily called to diagnose it as a mere bluff. Moreover their guess was not so very far from right. There were, it is true, some of the ingredients of bluffing in his attitude, but if it had come to a fight, Mr. Harriman would have given them a pretty lively tussle; even though ultimately, if they saw it through, they were bound to win. Mr. Harriman was not averse to something resembling bluffing, in fact he rather enjoyed the sport; but he never indulged in that pastime without having previously been careful to put himself in such a position that, if a test of strength was called for, he could, if not win, at least give such an account of

himself that his opponent would become imbued with a wholesome respect for his fighting capacity, and would be extremely disinclined to tackle so formidable and resourceful an antagonist in the future.

However, in the instance which I relate no fight occurred. The hostile armies kept confronting each other—Mr. Harriman immovable and inscrutable; the enemy hesitant and rather troubled. One morning he called me on the telephone to ask that I accompany him to a conference at the enemy's headquarters. I went, somewhat in the capacity of second at a duel. He gave me no indication as to what the proceedings were to be. The conference lasted three hours. Most of the talking was done by the other side. Mr. Harriman did not threaten or cajole or make promises. He simply brought to bear, upon these men, the stupendous force of his will and personality. When the conference broke up, not only was there no longer any question of his retiring, but the newcomers had agreed to turn over to him their votes and proxies, and to let him run the property.

The object in itself was by no means a great or important one, or essential to Mr. Harriman's plans. It became important to him when he found that its attainment was difficult, when he found himself confronted with obstacles and opposition. He positively loved obstacles, and the harder to surmount, the more they allured him. Difficulties, risks, dangers were not only no deterrents, but rather inducements to undertake a task. When there was an easy way to accomplish a thing, and also a difficult way, Mr. Harriman's inclination would be to take the latter. I once told him I suspected him of purposely creating difficulties and obstacles for himself for the mere sport of overcoming them, as a keen horseman will go out of his way to jump hurdles and fences, as a mountain-climber will test his skill and daring by deliberately choosing a difficult and dangerous ascent.

The particular incident which I have related especially

impressed itself upon my mind in all its details, because it was the first time that I had seen Mr. Harriman in action. I witnessed many similar cases in the further course of his career, during which it was my privilege to be closely affiliated with him. Over and over again did I observe him bending men and events to his determination, by the exercise of the truly wonderful powers of his brain and will; powers which accomplished their fullest potentialities because they were united with unwavering loyalty under all circumstances and with a sacred respect for any commitment entered into. A moral obligation, to him, had the same force and meaning as a legal contract.

Not infrequently he would come to meetings at which ten or twelve men sat around the table with him,—men, too, of no mean standing in the business community,—a large majority of whom were opposed to the measures he would propose. Yet, I know of hardly an instance of any importance where his views did not prevail finally, and, what is more, generally by unanimous vote. If he did not succeed in what he had set himself to achieve at the first attempt, or the second, or the third attempt, he would retreat for a while, but he never gave up; he moved on towards the attainment of his object, undismayed, resourceful, relentless as fate, with that supreme patience which, according to Disraeli, is “a necessary ingredient of genius.” When Mr. Ryan bought the control of the Equitable Life Assurance Society, Mr. Harriman claimed to share in the purchase. Mr. Ryan refused positively and publicly. For five years nothing more was heard of the matter, and even Mr. Harriman’s intimate associates thought he had dropped the idea. Only a short while ago it became known that a year before his death Mr. Harriman had finally succeeded in his object, having purchased from Mr. Ryan one-half of his holdings. A high placed personage temporarily residing in Japan during the year 1905 told me that the most amazing

thing he had ever witnessed was the way in which Mr. Harriman in the course of a ten days' visit to Tokio made a whirlwind campaign among the leading men and succeeded in carrying away from the wily, wary, slow-moving Orientals a most important contract—so important and so far-reaching that, had it been carried out (and it was no fault of Mr. Harriman's that it was not), the course of Far Eastern diplomacy in recent years would have been different in some essential aspects. I was asked sometimes, when things that had seemed utterly improbable of realization were finally accomplished by Mr. Harriman, to give a reason why the parties concerned had yielded to him. What was the inducement? What the motive of their action? Why had they done finally what they had declared they would not do, or what there was no plausible explanation for their doing? My answer was: "Simply because Mr. Harriman had set his will and mind to work to make them do it." He once said to me, early in our acquaintance: "All the opportunity I ask is to be one amongst fifteen men in a board room." Yet he had neither eloquence nor what is ordinarily called tact or attractiveness. His were not the ways or the gifts of the "easy boss." Smooth diplomacy, the talent of leading men almost without their knowing that they are being led, skillful achievement by winning compromise were not his methods. His genius was the genius of a Bismarck, of a Roman Caesar, his dominion was based on rugged strength, iron will and tenacity, irresistible determination, indomitable courage, tireless toil, marvellous ability, foresight almost prophetic, and, last but not least, upon those qualities of character which command men's trust and confidence. His rule was frankly the rule of the conqueror who has made his place by the superiority of his powers and is ever prepared to hold it against all comers. He was constitutionally unable either to cajole or dissemble. He was stiffnecked to a fault. It would have saved him much opposition, many

enemies, many misunderstandings, if he had possessed the gift of suavity, of placing a veneer over his domineering traits, so as to make the fact of his rulership less overt, and thereby less irksome. Sometimes, when even some of his associates would chafe under his undisguised autocracy, I ventured to plead with him that the results he sought could just as surely be obtained by less combative, more gentle methods, while at the same time avoiding bad blood and ill feeling. His answer was invariably: "You may be right that these things could be so accomplished, but not *by me*. I can work only in my own way. I cannot make myself different, nor act in a way foreign to me. They will have to take me as I am, or drop me. This is not arrogance on my part. I simply cannot achieve anything if I try to compromise with my nature and to follow the notions of others".

To a man constituted like this, the world did not yield its rewards easily and willingly. The way to the heights of power leads always through the valleys of envy, jealousy and animosity; but in Mr. Harriman's case the opposition, the enmities, the hatreds, which disputed and contested his progress were bitter, violent and numerous, far beyond ordinary measure. Yet, by the irresistible force of his genius, he acquired in the space of ten short years a position in the railroad world such as no man had held before him, and no man, probably, will hold again. Though he was lacking in the faculty of attracting men in general (I say "in general," because upon those who came close to him the spell of his personality was most potent), he did have the gift in a most marvellous degree of attracting power as the magnet attracts iron. At the time of his death, the papers were full of comments as to the vastness of the territory in which his influence was potent or controlling; but the most remarkable thing, to my mind, was not the extent of his power, but the fact that his commanding position, his control over so many undertakings, rested not on money,

but on personality. I do not think that the greater part of his fortune was invested in railroad stocks, and, if every cent of it had been so invested, it would have amounted to but a small fraction of the share capital of the properties in which his influence was predominant. He became gradually the centre of railroad power, and at the same time one of the greatest powers in finance, because his masterful ability, his constructive genius, the farsightedness and correctness of his vision, his faithfulness to trust reposed in him, impressed themselves finally alike upon friend and foe. He had measured strength with all those who cared to cross swords with him, and out of every fight he had come, if not invariably victorious, invariably unscathed, bigger and stronger than before. The railroad properties in his charge had grown and prospered beyond all others. There were enemies left, but none that cared any longer to try conclusions with him. Not a few, even, of those formerly hostile, and many of those formerly indifferent, aloof or suspicious, felt at last compelled to acknowledge the genius of the man, and to pay him the tribute of seeking his co-operation. During the last year of his life, his office, or more correctly his library, up town (for at that period he did not usually go down town oftener than once or twice a week) resembled the office of a famous physician during consultation hours. Properties in feeble health were brought to him by anxious parents for prescriptions and treatment; intricate corporation problems were submitted to him for diagnosis; some enterprises that he had treated and restored to good health presented themselves for inspection, having learned the wisdom of remaining under his care; and even big, strapping concerns apparently in perfect health, would drop in and have themselves looked over, as a precautionary measure, and take advice how to guard against sickness and keep in good trim. As his fame increased, owing to some particularly brilliant cure or the patronage of some especially important patient, the number of those that flocked

to his consultation rooms became greater and greater—so much so that, to my personal knowledge, many had to be turned away, simply because the famous physician could not possibly find time to attend to them.

This was Mr. Harriman's situation from the spring of 1908 to the time of his lamented, untimely death in September, 1909, less than twelve years after his great opportunity had come to him in his election to the Board of the Union Pacific Railroad. Contrary to the general impression, he had had nothing to do with the financial reorganization of that property consummated in 1897. That measure—after years of receivership during which the system had become dismembered through the secession of its most important branches, feeders and outlets until nothing was left of the old Union Pacific System but the bare trunk stem, after infinite delays, complications and difficulties—was finally accomplished by a Committee consisting of Messrs. Louis Fitzgerald, Jacob H. Schiff, T. Jefferson Coolidge, Jr., Chauncey M. Depew, Marvin Hughitt and Oliver Ames, with Mr. Winslow S. Pierce as counsel, and Messrs. Kuhn, Loeb & Company as financial managers. After the property had been acquired by the Reorganization Committee at foreclosure sale, Mr. Harriman was elected a member of the First Board of Directors in December, 1897, in compliance with a promise which Mr. Jacob H. Schiff had made to him in the course of the reorganization proceedings.

Almost all of the members of the Board had been previously connected with the Union Pacific, either through old affiliations or through membership in the Reorganization Committee. Mr. Harriman was a newcomer, and by several members of the Board his advent was not regarded with friendly eyes. He was looked at askance, somewhat in the light of an intruder; his ways and manners jarred upon several of his new colleagues, and he was considered by some as not quite belonging in their class, from the point of view of position, financial standing, and achievements;

a free lance, neither a railroad man nor a banker nor a merchant. Within one short year he had placed himself at the head of the board, and become the ruling spirit, the dominating force of the enterprise. If you ask me how this amazing transformation was accomplished, I can only refer you to other examples which history records of the phenomenal rise of those exceptional beings whom Providence has endowed with such qualities as to compel the acceptance of their leadership by their contemporaries. The story of the rise and development of the Union Pacific under Mr. Harriman's magic guidance; the metamorphosis by which the rather pathetic object which emerged from the receivership, stripped of its outlets and most important branches, ending rather helplessly at the borders of the Great Salt Lake, was turned in an incredibly short space of time into the magnificent system of to-day; the startling, almost uncanny rapidity with which Mr. Harriman assimilated and mastered all the intricate details, problems, difficulties of railroading, and from having been all his life a financial man (except for a very short term as vice president of the Illinois Central in Chicago) became an acknowledged master in that science; the boldness and accuracy of his conceptions and visions, the daring of his strategy, the dramatic incidents which accompanied his conquering career—all this has been so fully and frequently told in newspapers and magazines that I need not weary your patience by repeating it here. I will only point to the fact that in the first fiscal year following Mr. Harriman's election to the Union Pacific board the surplus earnings of the system applicable to \$107,000,000 of common stock were \$5,800,000. To-day, taking the figures of the last fiscal year, the surplus earnings of the Union Pacific system (excluding the Southern Pacific) applicable to \$216,000,000 of common stock, are \$41,500,000. From the time Mr. Harriman assumed the direction of affairs to the time of his death \$127,000,000 were spent in improving the property, for three-quarters of which sum (to be exact, \$94,000,000) not

one dollar of capitalization was created. The free assets held absolutely unincumbered in its treasury have an aggregate value of \$210,000,000.

It is essential to remember, in contemplating these truly astounding results, that they were achieved, not only with no increased burden to the public, but that on the contrary the shippers and others using the lines of the Union Pacific system were benefited alike with the stockholders. Indeed, whenever there was a question between increased returns to the stockholder and increased efficiency to the Railroad Mr. Harriman invariably chose the latter course. As a matter of fact, he cared altogether more for the approbation of the people served by the lines of his railroads than for the applause of the financial or any other part of the community.

I have sometimes heard it said that the remarkable accomplishments indicated by the figures above quoted were due mainly to the unprecedented growth in wealth and prosperity of the territory served by the Union Pacific system, and not to the genius of Mr. Harriman; that the country made the Union Pacific and would have made the Union Pacific, Harriman or no Harriman. There is just a sufficient modicum of truth in this assertion to deserve contradiction. That the growth and prosperity of its territory were indispensable to the growth and prosperity of the Union Pacific goes without saying; but this growth and prosperity during the past decade were universal throughout the country west of the Missouri River, and their benefits were available to all other Western railroads to the same extent as to the Union Pacific. Yet, there is not a single line that comes close to equaling the record made by the Union Pacific, and it is the uniqueness of the Union Pacific's attainments, considering not only the financial results to the stockholders, but also the standard of efficiency, service to the public, physical condition, financial strength and resources, which measures the uniqueness of Mr. Harriman's genius. I will cite a characteristic instance of how

he started his campaign of efficiency : Immediately after he had succeeded in having himself elected chairman of the executive committee, in 1898, and while the superior office of chairman of the board (later on occupied by him) was still held by another (Mr. Winslow S. Pierce), he started on a tour of inspection of the property, going over every inch of the line, taking the measure of the officials in charge, interviewing shippers, establishing his authority with the surprised and somewhat reluctant personnel of the organization in the West, who had hardly heard his name before, and did not quite know what to make of, and how to act towards, the nervous, rapid-fire, little man who came blown in like a whirlwind, sweeping fresh currents of air into all sorts of dusty nooks and corners. After a few weeks he telegraphed to the board in New York asking for authority to purchase immediately a large quantity of cars, locomotives, rails, etc., and to start various works of improvement, the total aggregating, as I remember, something like \$25,000,000, which telegram was followed by a written communication setting forth the reasons for his requests and the main details of the proposed expenditure. The reasons, in short, were that he clearly discovered signs of returning prosperity after the long period of depression, that he believed this prosperity would assume proportions corresponding to the depth and extent of the long drawn out and drastic re-action which preceded it, that labor and materials were then exceedingly cheap, but would begin to advance before very long, that the Union Pacific should put itself in shape to take care of the largely increased traffic which he foresaw, and to attract business to its lines by being better prepared for it, and thus afford shippers better facilities than its neighbors. Remember that at that time the Union Pacific had but just emerged from receivership, that during the years of the receivership all of its surplus earnings had been spent on increasing its rolling stock, improving its physical condition, etc., so that it was sup-

posed to be amply supplied with facilities to handle its then existing volume of traffic, that \$25,000,000 in those days was a vastly greater sum than nowadays, when the stupendous development of the country has made railroad expenditures of proportionate size familiar, and that it seemed a pretty hazardous thing to venture upon this huge outlay simply on a guess of coming unprecedented prosperity. There was much doubt in the board as to whether Mr. Harriman's recommendation should be followed. I remember that the statement was made that if it were followed the Union Pacific would find itself in receiver's hands again before two years had passed. The subject was laid over until Mr. Harriman's return to New York. He came home, and after long and strenuous argument he carried the day. The appropriation for the expenditures advocated by him was made, though with considerable headshaking and misgiving, and it was this courageous outlay at a time when the dawn of the unexampled prosperity which was to come was barely discernible, and the intelligent and efficient application of the funds, that started the new Union Pacific on its amazingly successful career and placed it, with one bound, in the forefront amongst western railroads. Incidentally I may mention, as characteristic of the man, that Mr. Harriman felt so certain of the correctness of his judgment, and of his ability to carry the board with him (though he had no illusions as to the sentiment of some of its members regarding him and of the fatal consequences to his career in case his forecast should turn out to have been mistaken or even premature) that, while he was still in the West, and so as to be sure not to lose time or opportunity, he took upon himself the responsibility, at his personal risk, of concluding various contracts for purchases and work included in the program advocated by him.

Some months before, he had caused his associates to wonder and doubt, by buying all of the Union Pacific common stock he could accumulate, up to the price of 25 or thereabouts.

He must have acquired many thousands of shares, for the stock had long been selling freely between 15 and 20, it was considered to have but very little intrinsic value, and there were no dividends in sight even for the preferred, much less for the common stock. I recollect an influential financial personage saying to me about these purchases, which at the time attracted a good deal of comment : " You see, the man is essentially a speculator. He is putting everything he has and more into Union Pacific common and preferred at these prices. He will come to grief yet." When I referred to the subject of these purchases in conversation with Mr. Harriman, he said calmly : " Union Pacific common is intrinsically worth as much as St. Paul. With good management it will get there." It seemed the wildest kind of wild talk, and even though at that time I had already conceived great admiration for him and great faith in him, I did not take it seriously. Union Pacific, just emerged from wreck and ruin : St. Paul, an old seasoned dividend payer that had passed with ease through the panics and devastations of the preceding years, and was even then selling above par ! Within less than ten years from the time Mr. Harriman had made what then appeared a preposterous prediction, Union Pacific had been placed upon an annual dividend basis of 10%, was selling in the market at close to 200, and had left the price of St. Paul far behind.

Those of you who are familiar with Wall Street events will know that in August 1906 the Union Pacific dividend was jumped from an annual rate of 6% to 10%, which act unchained a storm of criticism against Mr. Harriman. He was accused of having perpetrated a stock jobbing trick, as the property, it was thought, could not possibly maintain that rate of dividend, and of having bought stock on his advance knowledge, immediately preceding the declaration of the increased dividend, so as to profit, at the expense of other holders, who had no knowledge of what was

contemplated, from the rise in the market which was bound to follow. Both accusations were unjustified. No property for the management of which Mr. Harriman was responsible ever reduced its dividend, and the Union Pacific has maintained with ease a distribution of 10% per annum, derived to the extent of 6% from the earnings of the railroad, and to the extent of 4% from its investment holdings. Anybody who knew anything of Mr. Harriman's methods knew that his acts were not the results of sudden impulse, but of plans long prepared and determined on; that he had gone on record at every opportunity as advising owners of Union Pacific stock to retain their holdings, and that if he wanted to increase his own holdings he would do so (as, in fact, he invariably did) in times of depression and not wait to rush in a few days or weeks before the advent of some favorable consummation. At one of the hearings at which he was examined, he was asked whether it was not a fact that he had bought Union Pacific stock in anticipation of the 10% dividend declaration, the meaning of the question being of course the accusation that he had unfairly taken advantage of his advance knowledge of the contemplated increase. To every one's surprise Mr. Harriman calmly answered "Yes". The examiner turned towards the audience with a triumphant smile and continued: "Mr. Harriman, as you have been thus frank, would you mind telling me approximately when and at what prices you bought that stock which you have just admitted you acquired in anticipation of the increased dividend?" Mr. Harriman smiled faintly in his turn as he answered slowly:—"Certainly, I shall be glad to tell you. Let me think back a minute. I bought most of that stock, many thousand shares of it, in anticipation of the 10% dividend declared August, 1906, some eight years before, mainly in 1898, and I paid all the way from 20 to 30 for it. And I bought more of it in subsequent years, whenever prices were low, many thou-

sand shares more ; and all the time while I was accumulating it I anticipated the declaration of that dividend."

In telling this story, I do not wish to be understood as endorsing the wisdom and propriety of the increase of the Union Pacific dividend from 6% to 10% *at one jump*. It was one of the few instances in which I ventured to differ from Mr. Harriman's judgment. A man, and especially a man at the head of a great corporation, must not only *do* right, but he must be very careful to avoid even appearances tending to arouse the suspicion of his not doing right ; and the fact and manner of that particular act lent themselves to sinister interpretations, unjustified though, as a matter of fact, they were. But regard for appearances was not one of Mr. Harriman's strong points. He had little patience with such considerations, and declined to recognize their importance. He was a gentleman by birth and breeding, by instinct, intent and principles, but he rode roughshod over conventionalities and amenities. While he was inwardly a man of genuine kindness, of whom many a generous and warmhearted action might be related, and while he would not for the world have knowingly hurt anyone's feelings, he had an extraordinary faculty for doing that very thing, for rubbing people the wrong way, for causing himself and his actions to be misunderstood and misjudged. He was a master of what Whistler called "the gentle art of making enemies." His manner was brusque ; he was short tempered, though he had his temper under perfect control, and never lost it whatever the provocation—in fact the greater the strain the more perfect his calm and self-possession. He had infinite patience in working out plans, in biding his time, but very little in intercourse with men. His mind worked so rapidly, his thoughts crowded upon him at such a rate, that his words could not come anywhere near keeping pace with the working of his brain. The consequence was that in discussions he

raced for the points he wanted to make, taking short cuts of thought and expression, expecting the bewildered listener to keep up with the chase, with the result that not unfrequently he was but half understood, or not at all understood, by those who had not, through prolonged association, acquired the faculty of reading his mental short-hand. He desired, like every normally constituted man, to possess the good opinion of his fellow men, but he had not only a strange inaptitude for getting on friendly terms with public opinion, but on the contrary a veritable genius for what is commonly called getting himself into hot water, and of laying his motives and his acts open to misconstruction. This was due in the first part to a highly honorable trait in his character: he utterly despised and abhorred hypocrisy and opportunism, he resolutely declined to stoop to any artifices to curry favor, in fact leaned over backward in his dislike of all methods of self-advertising; conscious of his worth, of his achievements, and of his rectitude of purpose, he scorned to defend himself against accusations and intrigues. It was due secondly to the magnetic attraction which difficulties, obstacles and particularly everything in the nature of a combat had for him. If there was any fighting going on within earshot, however little it might concern him, he was tempted to take a hand in the fray, and the greater the odds against his side, the better; the natural result being that in addition to the number of adversaries and detractors that a man normally meets in the struggle for success and power, he was continually recruiting enemies in quarters that lay outside his regular marching route, not all of whom fought fairly.

A good instance of his propensity in that direction is afforded by his participation in the fight which arose from the clash of the Alexander and Hyde factions in the Equitable Life Assurance Society in 1905. Mr. Harriman had had nothing whatever to do with the original trouble nor with the Equitable itself except that he was one of about sixty

trustees of the concern, and a very inactive one at that. There was no earthly reason why he should have been drawn into the fierce and bitter contest which followed, but in he jumped with both feet and laid about with such vigor that in the end he became almost the principal and probably the most attacked figure of the conflict, both the warring factions pausing in their fight against each other to pour their fire of abuse and innuendo upon him. The fact that Mr. Harriman on a few occasions had borrowed money from the company—upon ample collateral, and at full market rates, a transaction absolutely legal and moral under the then existing laws and practice, as well as under the present laws and practice; that he had invited the Society, or Mr. Hyde individually, to become participants in a syndicate for the acquisition of Union Pacific preferred stock (a transaction in connection with which no blame attached to *him*, a perfectly safe, and, as it turned out, a profitable investment for the company to make); the circumstance that the company had purchased large amounts of securities of the Union Pacific system (in the same way in which it had bought securities of other important railroad systems, and none of them bought from Mr. Harriman)—these and some similar incidents, all harmless in themselves, were perverted and distorted so as to assume the appearance of heinous offences. Probably amongst the many campaigns of vituperation of which he was the object in the course of his career, none succeeded so well in poisoning and embittering the public mind against him. Under this avalanche of unfair, baseless accusations he went the even tenor of his way, declining to dignify them by defending himself in public. On this and similar occasions I urged him to speak out, to make use of the means at his command for hitting back at his detractors, and those who willingly and eagerly gave circulation to their slanders. I was never able to move him. "Let them kick," he used to say "It's all in the day's work. After a while they

will tire of it. Nothing tires a man more than to kick against air. Moreover, it disconcerts him, and not finding any point of resistance he is very apt to intensify his kicks beyond all measure and at some movement of particular violence to kick himself off his feet. Besides, for immediate effect, they have the advantage because they will tell lies about me, and I won't about them. And as for the effect in the long run, why, the people always find out what's what in the end, and I can wait. Let those fellows continue to shout and to kick against air. I need my time and energy to *do things*."

The third reason for the widespread and long-continued popular misconception in respect of Mr. Harriman's motives, character and methods, arose from the fact that he failed to recognize, as indeed most financiers of his day failed to recognize, that a man holding the power and occupying the conspicuous place he did was a legitimate object for public scrutiny, and that if opportunity for such scrutiny was denied, if the people were met instead with silence, secrecy, impatience and resentment of their desire for information, the public mind very naturally became infected with suspicion and lent a willing ear to all sorts of gossip and rumors. Tennyson wrote of the "fierce light that beats upon a throne," and the public insist very properly and justly upon the same fierce light beating upon those in dominant places of finance and commerce. The temptation to the arbitrary and selfish exercise of great power is so strong that the burden of proof that they can be safely trusted with its possession is nowadays rightly laid upon those in high positions. It is for them to show cause why they should be considered fit persons to enjoy the people's confidence, not merely for their ability, but just as much, if not more for their character, self-restraint, fairmindedness and sense of duty towards the public. By this I do not mean that the attitude of the public towards men occupying such places should be one of suspicion; on the contrary, the fact that a man has

demonstrated constructive ability and qualities of character enabling him to rise to leadership (I do not mean mere capacity for money-making, which, by itself, is no proof of qualities entitling to public respect) affords presumptive evidence, in the absence of reasons to the contrary, for judgment in his favor. Indeed, nothing is more unfortunate in its effect upon corporation managers, or in fact upon any men, than the knowledge that they are looked upon with set suspicion, and that they are presupposed to be acting from motives and in a manner less worthy than those of the average decent man of the community. Such a knowledge is apt to breed a sullen, defiant attitude expressed in the sentiment : " What's the use of trying. We'll be damned anyhow." And nothing, on the contrary, is so tonic in its effect upon men's actions, so potent in bringing out the best of which their nature is capable and in casting out or at least keeping down whatever of evil there may be in them than the knowledge that they are supposed and expected to live up to a high standard. The English people have always best understood how to act on this theory with the result that the feeling of obligation of public service rests strongly upon all those conspicuous for proven ability in any walk of life, corporation managers no less than others. Meet a man in a spirit of trust, put him on his honor, appeal to the best in him, show him the reward of public appreciation and confidence for proven merit—and the overwhelming majority will respond fully to that appeal. And if it does become necessary to insist upon reform in prevailing practices, to impose new rules of conduct, be temperate, don't go to extremes. Let us have whatever measures of regulation and supervision may be shown to be needful, wise and fair, in the light of experience and after mature dispassionate deliberation, but it is neither just nor effective of good result incessantly to scold and nag, to hamper, harass and threaten. By all means, watch and insist that corporations and individuals so conduct business as to do their full

duty by their employees as well as by the public ; that they obey the law, that they do not overstep the boundary lines properly assigned to their functions. But, also, try once in a while the effect of a word of encouragement, of confidence and of merited approval. If you have had to reprove or punish them for doing wrong, give them a chance to demonstrate that they mean thereafter to do right. Black sheep there are to be found in every walk of life, but the basis of our civilization remains nevertheless the belief that the vast majority of mankind want to do what is just and right, a belief amply justified by experience. It is true, the millenium has not yet come, nor the time when humanity will no longer require to have its virtue stimulated by the fear of the law, but why assume, as it seems no inconsiderable part of our people do, that the leaders of finance and the heads of corporations are made of different clay from the rest of humanity, and, as a body, are so little responsive to the force of the fundamental moralities that they must be ruled *primarily* by means of fear and discipline, the regime of the penitentiary? Of course there is no effect without cause. It would be idle to deny that the sentiment to which I refer could not have made the headway it has if the conduct and spirit of a portion of our rich men and corporations—though by no means the greater portion—had not afforded some cause. And it must be admitted that not a few corporations in the past have not been sufficiently mindful of the fact that their enjoyment of the rights and prerogatives of natural persons presupposes their possession of those qualities of conscience, even of sentiment, and of responsiveness to moral appeal which are normal attributes of average humanity. But there has been a gratifying recognition of this fact within the last five years and much evidence of a well nigh universal resolve to translate this recognition into practice.

It may be said that every man who by eminent success in commerce or finance raises himself beyond his peers is in the nature of things more or less of an "irritant" (I use the word

in its technical meaning) to the community. It behooves him therefore to make his privileged position as little jarring as possible upon that immense majority whose existences are spent in the lowlands of life, so far as material circumstances are concerned, and who have not drawn any of its great prizes. It behooves him to exercise self-restraint and to make ample allowance for the point of view and the feelings of those who have been less favored by fortune than himself; to avoid ostentation or provocation; to be patient, helpful, kindly, conciliatory, for he should always remember that his success is in largest measure due to opportunities and qualities which were conferred upon him as a free gift, as a favor of Providence; that many other men are working, and have worked all their lives, with just as much effort and assiduous application, just as much self-abnegation as he, but have not succeeded in raising themselves above mediocre and humble stations in life because they have not been favored by circumstances and by the possession of those peculiar gifts which create success. He should beware of that insidious tendency of wealth to chill and isolate; he should be careful not to let his feelings, aspirations and sympathies get hardened or narrowed, lest he become estranged from his fellow men; and with this in view he should not only be approachable but should seek and welcome contact with the work-a-day world so as to remain part and parcel of it, to maintain and prove his homogeneity with his fellow men. And he should never forget that the advantages, privileges and powers which he enjoys are his on suffrance, so to speak, during good behavior; that the social edifice, in which he occupies the most desirable quarters, has been erected by human hands, the result of infinite effort, of sacrifice and compromise, the aim being the greatest good of society; and that if that aim is clearly shown to be no longer served by the present structure, if the successful man arrogates to himself too large or too choice a part, if, selfishly, he crowds

out others, then, what human hands have created by the patient work of many centuries, human hands can destroy in one hour of passion. The undisturbed possession of the material rewards now given to success can only be perpetuated if its beneficiaries exercise moderation, self-restraint and consideration for others in the use of their opportunities, and if at least part of their ability is exercised, not for their own advantage, but for the public good and the weal of their fellow men.

However, I am yielding to the temptation to sermonize. Let us return to the hero of this talk, a man who might have adopted as his motto the exhortation of the most heroic figure of the French Revolution, Danton—: “*De l'audace, encore de l'audace et toujours de l'audace*”. “Daring, again daring, and ever daring”.

Mr. Harriman's attitude in respect to the law of the land has been much misinterpreted and misunderstood. To begin with, he had profound respect for the moral, the ethical law, and under no circumstances and under no temptation would he ever have done anything which was not justified before the tribunal of his own conscience, his own honest conception of right and wrong. To that conviction of the rectitude of his purpose and actions was added the firm belief in himself which is a characteristic of all strong men. He did not exactly look upon himself as a chosen instrument of Providence in the performance of his task, but he did have, and was actuated by, a profound and unwavering faith that what he, after mature thought, felt should be done, was best for the properties of which he was the directing head, was of benefit to the communities which they served as well as to the country at large and was ethically right and proper to be done. He chafed and fretted strenuously when the letter of some statute, possibly drawn without a full realization of its practical effects, stood in the way of what he considered to be absolutely proper and beneficial objects to accomplish. He was irritable and impatient at stupid

laws, as he was at all stupidity. He had to be shown to his entire conviction that the law did clearly stand in the way before he would desist from a purpose which he deemed just and right, but the realization of which would not have been in accordance with existing statutes. If there were substantial doubt he would be tempted to resolve the doubt in favor of his purpose and go ahead; whenever possible, he would be a law unto himself, but he never consciously went counter to any existing law (except, to be entirely correct, that he may have winked at the infraction of one or two provisions of the railroad law which for many years, with the full knowledge and sanction of the constituted authorities, had lain dormant, and for lack of enforcement had come to be looked upon as unenforceable and as obsolete as the old Puritan blue laws).

Nevertheless, somehow or other, true to his fatal gift of getting into trouble, he managed to become the storm-centre around which the agitation for reform in railroad laws raged most violently. He was held up to execration as the arch-type of law-defying corporation managers, he was singled out as a horrible example, especially in connection with the Chicago and Alton re-adjustment, for which, by the way, he was only partly responsible, but for which he, characteristically, took upon himself the full responsibility as soon as it was attacked, as he realized that the attack, though nominally directed against that re-adjustment, was really directed against himself personally. Yet the Chicago and Alton re-adjustment—it would take too long to go into its details—was in no essential different from the great majority of other railroad re-organizations or industrial creations up to that time; the practice, the formula on which it was based, had become generally accepted; it was sanctioned by the then prevailing laws, as well as by long custom; every step in connection with it was done publicly in the full light of day; every stockholder was treated alike, no one was damaged directly or indirectly; the service

of the railroad was improved, the capacity increased, the average rate decreased ; the profit realized on the transaction, amounting to a good deal less than disingenuously represented to the public by Mr. Harriman's detractors, was by no means excessive or unusual considering the duration of the investment, and the risk of the business. In the course of the fight made on Mr. Harriman in 1907, this transaction was gone over with a fine-tooth comb by the federal as well as the state authorities to discover ground for a suit ; but no point whatever was found in which the law had been disregarded or violated. It would take too long here to discuss the question as to what is and what ought or ought not to be permissible in the way of capitalization, a problem which I look upon—if I may say so incidentally—as possessing rather less far-reaching importance in its bearings than has come to be attached to it in many quarters, and which to the extent that it *is* affected with serious public consequence could, in large measure, be met by the simple requirement, strictly enforced, of complete, minute and honest corporate publicity, added to a few fundamental legal provisions based upon principles universally accepted these many years past, and supplemented by certain rules of financial propriety which public opinion has effectively imposed of late and which it can be trusted to continue to impose and to make obeyed. At any rate, it was, and is, entirely unfair to judge actions by standards other than those prevailing at the time, and to make Mr. Harriman the scapegoat for practices and usages which had not then fallen under the ban of public disapproval and which, moreover, to a large degree were necessary, and in my opinion, to a certain extent, will still be found necessary to attract the capital required for the development of the railroads and, through them, of the country.

The land was set ringing with denunciations of him, and particularly in Europe, where I had occasion to spend a few months during that year, 1907, he was made the text for

violent tirades against the iniquity and lawlessness of American business methods in general, and of Harriman methods in particular. These unmeasured criticisms gave me the opportunity for some straight talk in the countries of their origin by way of explanation and correction. No gambling frenzy has occurred in America within the memory of this generation equalling the recklessness and magnitude of England's South African mining craze with its record of questionable episodes, some of them involving great names; no scandal comparable to the Panama scandal, the copper collapse, the Cronier failure, and some similar events in France; no bank failure as disgraceful and ruinous as that of the Leipziger Bank and two or three others within the last dozen years in Germany; no trusts exist here approaching some of the so-called cartels and syndicates of Europe in completeness and thoroughness of monopolistic control. We are in the habit of exaggerating, sensationalizing and generalizing our shortcomings, our occasional lapses from the straight and narrow path, to magnify them for political purposes or for newspaper effects. We have the custom, on the whole, I believe, a wise and salutary one, of washing our soiled linen very conspicuously in public, and we go at it with great relish and zest and with a profusion of soap and water sometimes quite out of proportion to the actual cleaning to be done. I have had experience of financial business in all the leading commercial centres, and I have no hesitation in asserting that the financial community of this country is second to none, and superior to some, in Europe in its standard of honesty and honor—all the more to its credit, as in Europe justice strikes swiftly and sharply, while here the law's delays and complicated machinery throw undue safeguards, amounting in certain ways almost to a measure of toleration around the malefactor, not to mention the fact that in a country like ours, still in the making, the opportunities and temptations for certain forms of wrong doing are naturally greater than in the old established and settled communities of Europe.

Let me make plain—in parenthesis—that in these general remarks I am referring to business conditions, and not to political conditions as to which my views would be neither of interest nor of any competence.

What we must admit in respect of our business conditions, and what frequently is the basis for erroneous and uncharitable foreign judgment, is a lack of system, of order, of definitely settled and universally prevailing standards, intensified in effect by excessive violence of speculation, to the accompaniment, at times, of audacious manipulation, hysterical extremes of ups and downs, and last but not least, a lack of clearness, precision and stability in the relations between law and business, in consequence of which there does not prevail amongst business men here the same, as it were, automatic and self-understood compliance with the law, as in Europe. We have nearly fifty different legislatures, passing laws on all conceivable subjects more or less continuously in the different states. What is permitted in one state may be a crime in another. We have, in addition, the federal law sometimes differing from, sometimes conflicting with, sometimes superseding the various state laws. There is a vast crop of new laws, or of changes in existing laws, each session, some of them hastily drawn, hastily passed, some of them placing under the ban of the statutory law that which the moral sentiment of the average man does not look upon as wrong. Not a few enactments at the time they were passed were meant chiefly for political effect without the expectation of their ever being literally enforced. A new man comes into office, who very properly insists that the laws on the statute books must be enforced, and the business man wakes up one fine morning to see himself pilloried as a lawbreaker on account of acts running counter to some law which had fallen into complete desuetude because not enforced, which self same acts he has been performing for years with entire openness, with entire impunity, with the full knowledge of, and without any dissent

whatever, from the authorities and the public. And over and above all is the Supreme Court, telling us, from time to time, that in passing such and such an enactment the legislators have exceeded their authority or violated the constitution, that the law supposedly entitled to the respect and obedience of all good citizens is null and void, or again, interpreting its meaning or deciding its validity by a vote of five to four, or some similarly close margin. If the eminent jurists of the Supreme Court thus demonstrate the difficulty of always gauging with certainty the scope and meaning of our lawgivers' handiwork and reconciling it to our fundamental bill of rights surely the business man may be excused if sometimes he fails to appreciate the intent and purpose of legislation, and if, bewildered and exasperated by an ever-increasing mass of enactments and minute regulations, he finds himself, once in a while, at odds with some statute.

Let the law be clear and concise, let there not be too overwhelming a profusion of legislation, let it be so adapted, in conception and draftsmanship, to the conditions to which it is designed to apply, as to be, if I may coin a word, obeyable in actual practice, let the authorities enforce all laws—and the average American business man or corporation will obey without hesitation or attempt at evasion. The European business man, and in this country, the man who is not in active business, is not confronted with these confusing conditions, and it is utterly unfair and unjust to stigmatise the American business man as less law-abiding than his European confrère, or than his American neighbor in other walks of life. Mr. Harriman was an intensely patriotic man, proud of his country, its institutions, and its achievements, jealous of his own honor and of America's fair fame abroad, always willing and eager to do his full duty as a citizen as he saw it, and he resented deeply, and so did his friends, the efforts of his detractors to represent him as a lawbreaker, and his phenomenal success as due, at

least in part, to his having managed to evade or set at nought the laws of his country.

I have spoken of Mr. Harriman's love for a fight, but—lest this be misunderstood—I should add that, like every truly brave and strong man, he never picked a quarrel. On the contrary, he looked upon war as waste, and he abhorred waste as a cardinal economic sin. One of the characteristics of the old methods of railroad management was for each company to seek by every means, and not infrequently by underhand and unfair practices, to advance its own interests at the expense of the others, and there existed among the different companies a constant state of warfare or armed neutrality. The true interests of all of them, and often the interests of the public, were sacrificed for the purpose of obtaining some supposed advantage to one company at the expense of another. Mr. Harriman was foremost amongst those who advocated and worked for the more enlightened policy of “live and let live,” of fair and frank dealing and legitimate co-operation among railroad managers in the interests both of the railroads and of the public. He was unsparing of his time and his efforts in working for that cause.

If a fight was on somewhere, whether it was his or not, he itched to be in it, but he never started hostilities except as an ultimate resource in self-defence, or to safeguard what he conceived to be vital interests of the properties entrusted to his care. He was a born fighting genius, and had he lived in an earlier age he probably would have ranked amongst those who with their swords carved kingdoms for themselves out of the map of Europe and founded dynasties. His generalship, resourcefulness and executive ability were truly marvellous. It is no mere phrase to say, that he never knew the meaning of the word “fear”—either physical or moral. And, whatever the provocation or danger, whatever the weapons used by the enemy—and sometimes they were poisoned weapons—he always

fought fair; he never struck a foul blow. His word was equally good to friend and foe, and it was truly as good as his bond. No one, not even his bitterest opponents, ever accused him of having gone back on or given a twisted meaning to his words. Never did he break faith—nor consider himself free to do so in the remotest degree towards those even who had flagrantly broken faith with him. He was loyal to a fault. In more cases than one I have known him to take upon himself the whole brunt of defence or attack, from a fine feeling born of chivalrous consideration for those on whom he might have unloaded part of the burden, and of a proud consciousness of his ability to cope with difficult situations single-handed and unaided. And never have I met any one more utterly free from vindictiveness and malice. Whether from religious sentiment (for he was a deeply and genuinely religious man), from principle, or simply because his nature happened to be constituted that way, vengeance, retribution were no concern of his. When an opponent placed himself in his way, he used only just so much force as was needed to get him out of the road, calmly, without passion, with no desire to hurt. And when the tussle was over and he had overcome his antagonist and taken his measure and mentally registered his make-up and methods, the incident—as far as the personal side of it went—was settled and closed. Likewise, towards those whom he had counted as friends, but who had been found wanting, or at least cautious and lukewarm in their support, in time of stress, when he needed them most, he had no trace of bitterness. He knew thereafter how far he could count on them, and made his plans accordingly—but that was all. No word of complaint, or reproach, no resentment, no “rubbing it in” later on when association with him became again prized and coveted, no “crowing”, no “I told you so” when events came his way, and his judgment and course of action were vindicated.

It would require a volume to tell the tale of all the contests in which he was involved, and highly interesting and dramatic it would be. The most spectacular episode of this kind in his career was the contest for the control of the Northern Pacific Railroad. It was entered into, not, as has been somewhat widely believed, from ambition, from lust of power or aggrandizement, but in defence of what he considered vital interests of the property for which he was chiefly responsible and which he held to be gravely menaced by certain acts of other railroad interests. For the resulting unfortunate "corner" in the market no blame whatever attaches to him, and more than one of the incidents connected with the entire episode entitle him to high credit, as will become plainly apparent when the true and full story of the case is published, as it will be some day. When the smoke of battle cleared away, the Harriman side was found in possession of a majority of the entire capital stock of the Northern Pacific counting common and preferred together, whilst their opponents held a majority of the common stock alone, by a small margin, but not of the entire capital stock. By the provisions of its charter the company had stipulated for the right to pay off its preferred stock at par; needless to say, so important and essential a clause had not escaped the attention of Mr. Harriman and his associates, it had not only received their most careful attention before they decided to accumulate the preferred stock, but had been submitted by them to five leading lawyers in different parts of the country, who, acting and reporting separately, agreed unanimously in their answer to the question regarding which they were asked to advise. On the strength of these legal opinions and of other circumstances, Mr. Harriman was convinced at the time and ever afterwards that he held, beyond any question of doubt, the winning hand.

Instead of boldly playing it, he contented himself with a drawn battle and with terms of peace, which gave to the other side the appearance of victory. Thereby hangs a tale,

exceedingly eloquent of his wisdom, foresight and self-restraint and of his practice, to which I have alluded before, of never using any greater force than was necessary for the substantial accomplishment of his object.

Mr. Harriman, as is well known, left an exceedingly large fortune, yet the wealth which he amassed was but a small fraction of the wealth which his constructive genius created. There was at one time a group of railroad men, of unsavory memory, who made their money out of wrecking and pulling down. Their antithesis was Edward H. Harriman. The vast bulk of his fortune he made by backing the country, in general, and the enterprises to which he mainly devoted his genius, in particular. Any other man, who would have had the same faith in Mr. Harriman's constructive ability, judgment and farsightedness which he had himself, and the courage to back that faith as Mr. Harriman did many a time by every dollar he owned, would have come measurably near to reaping the same financial rewards as Mr. Harriman did, though of course he would also have had to have Mr. Harriman's wisdom and self-control in choosing the time when to be bold and when cautious, when to venture far out with every bit of canvas spread and when to keep close to shore. But money-making was merely incidental with Mr. Harriman and not an aim in itself. It attracted him, to begin with, as a sporting proposition to catch up with men who had an enormous start over him, and as every sporting proposition attracted him, the greater the odds against him the better. (I have known him, on a dare, a year or so before his death, to put on boxing gloves and venture on a friendly bout with an ex-pugilist—with rather painful results, it is true, to himself.) In the next place, he realized, of course, that money is one of the instruments of power, one of the standards—though, fortunately, by no means the only one—by which success is measured, and he required money, much

money, to carry out his plans with as little dependence on others as possible, just as a general requires soldiers. He was a man of very simple tastes and few wants, though when he became a very rich man he lived in the style of a very rich man, spending money freely and largely, but never ostentatiously or wastefully. (It is worth noting that he never had any doubt of the advent of his opportunity, though he had to wait till he was nearly 50 years old till fate remembered him, nor of his becoming a very wealthy man, though he was born very poor; in anticipation of this happy consummation he bought many thousand acres of land near Tuxedo some twenty years before he was rich enough to build a country house worthy of the land. As you all know, Mrs. Harriman carrying out her late husband's ideas has most generously presented to the state for a public park 10,000 acres of these lands, together with \$1,000,000 in cash.)

His real purpose, to which—as I said before—money-making was merely incidental, was to do big constructive things, his real sport was to pit his strength and brain against those of other men or against difficult tasks, his real reward was the consciousness of worthy accomplishment, the sense of mastery, the exercise of power. An English admirer returning to New York after a trip over the Union Pacific system said to him in offering him his congratulations on the condition of the property: “The one single piece of actual railroading of which I should think you must be proudest and which must be most gratifying to you is the complete success of your wonderful bridge over the Great Salt Lake, for the feasibility and the undertaking of which you took the full responsibility in the face of many fruitless attempts in former years, and in the face of almost universal disbelief in its practicability as a durable thing.” Mr. Harriman replied: “No, the best single thing we did and which gave me most satisfaction was this: The Colorado River was flowing over, threatening thousands of irrigated acres in the Imperial Valley, which would have meant destruc-

tion to the lands and ruin to many settlers. The situation became more and more serious, the Government's efforts to control the river proved unavailing, and finally President Roosevelt telegraphed me to ask whether the forces of men and engineers we had could and would undertake the work of saving the situation. I wired our representative and asked him how long it would take to dam the flood and change the course of the river and what the expense of the undertaking would be. He reported that it would take such and such a time, that it would be a race between us and the flood, with our having a margin for safety provided he took every man within reach from all other jobs and put him on this one, and provided he was allowed to proceed regardless of cost. He estimated the total expense at a somewhat startling figure, and added that most of it would be lost if we did not finish in time. I gave direction to suspend all other work, and to give this job the right of way over everything else, regardless of disturbance of traffic or of expense, and I telegraphed President Roosevelt that we could and would undertake the task of saving the Imperial Valley. And then we started on the race with the elements, and I used every ounce of driving power I possessed to hustle the job as I have never hustled any job before. We beat the flood and averted untold loss and suffering. That was the best single bit of work done on my authority and responsibility. And—he added—"here you have a case with a vengeance, of virtue being its own reward, because Congress has never yet paid us back our outlay, though the President sent it a message to ask that we be reimbursed."

An incident similarly worth recording as characteristic of the man was his action at the time of the San Francisco earthquake and conflagration. When the news of that catastrophe reached New York he not only wired directions, without a moment's loss of time, to set all other traffic and work on the Union and Southern Pacific lines aside, and to concentrate all of the energy and facilities of these organizations upon the

task of rushing relief and affording assistance to the stricken city, irrespective of cost to the railroads, but he hurried, himself, to San Francisco, the very next morning, without giving thought to personal risk and discomfort, and his presence, counsel and cooperation were of no little advantage to that community in its magnificent struggle to recover from destruction and chaos.

That Mr. Harriman was a man of vast ambition, ever restlessly striving forward and onward, reaching one goal only immediately to set out for another, goes without saying. And boundless as his ambition was his imagination, both, however, regulated and held in check by iron self-discipline and by the lucidity and sobriety of an intellect keen as a sword's edge. In a sense, he was a dreamer—but his dreams, by the power of his genius, became realities. To him, as to most great constructive and creative minds, limitations of time, consideration of years did not exist. He planned for a generation ahead, always having himself in mind as the man who would carry the plans to realization, giving no room to the thought that he might no longer be there to do so—again a trait of which history records many instances in the cases of men pre-eminent in creative work. When I saw him in Munich, a few weeks before his death, and we exchanged reminiscences anent the achievements of the last ten years, he said to me: "There is more before us in the next ten years than we have accomplished in the last ten." Yet, at the time, the shadow of death was hovering over him, he was pitifully and pathetically weak and frail, he could hardly stand up without support—but his spirit and courage were as dauntless, his brain, will and faith in himself as strong as ever, he fought the powers of nature, he defied the physical deterioration which was rapidly breaking him up with the same indomitable pluck, the same dogged refusal to get beaten, as he had stood up against difficulties and tribulations all his life. That he had fully prepared to make true the prediction

which I have quoted became amply apparent after his death; in fact the evidence then presented of the scope and sweep of his plans and the point to which he had already succeeded in conducting them came as a revelation even to those who were his confidential friends.

I once heard Mr. C. P. Huntington, president and creator of the Southern Pacific Railway, say, speaking of the art of managing a great property: "Watch the details. Then the whole organization will watch the details. That is the main thing. Big matters will always receive attention and will naturally come up to you anyhow". And I have heard another eminently successful man say speaking on the same subject: "Don't waste your strength on non-essentials. Never do yourself what you can hire some one to do equally well for you. Keep your head and time free for the big things, for those things which must emanate from the commander-in-chief and which cannot be delegated." Mr. Harriman's method was a middle course between these two doctrines, with a strong leaning however toward Mr. Huntington's theory. He was a tremendous worker, tireless, utterly unsparing of himself, with an amazing capacity for ceaseless toil. He demanded much of his co-workers and subordinates, but far more of himself.

The crisis in Mr. Harriman's career came early in the year 1907. A few of his bitterest enemies had set out the year before on a carefully planned, astutely prepared, campaign of destruction against him. To their banners flocked a number of those whom in his conquering course he had met and vanquished, some whom by his rough domineering ways he had unknowingly offended, others who were simply envious and jealous, certain politicians whose ill-will he had incurred, many who in perfect honesty and without any axes to grind but basing their opinion mainly on hearsay saw in his personality, his methods, his ambition and his growing power a real menace and danger to the public good and, lastly, a few who had reason to throw public

opinion off the scent and to detract vigilance and search from themselves by concentrating it on another. This is not the place nor has the time yet come to describe the true inwardness of this remarkable episode which has in it all the elements and ingredients of melodramatic romance. The Harriman Extermination League—if I may so call it—played its trump-card by poisoning President Roosevelt's mind against Mr. Harriman, with whom he used to be on friendly terms, by gross misrepresentations, which caused him to see in Mr. Harriman, the embodiment of everything which his own moral sense most abhorred and the archetype of a class whose exposure and destruction he looked upon as a solemn patriotic duty. With Mr. Roosevelt leading the attack, the League felt so certain of their ability to hurl Mr. Harriman into outer darkness, defeat and disgrace, that they actually sent considerate warning to his close associates to draw away from him whilst there was yet time to do so, lest they be struck by fragments of the bomb which would soon explode under Mr. Harriman, and which was certain to hurl him to destruction. Mr. Harriman, of course, was fully aware of all this. He braced himself against the coming blow, but did nothing to avert it, let alone run away from it.

In February 1907 the assault commenced with an investigation by the Interstate Commerce Commission into the practices, etc. of the Union Pacific Railroad, actually into those of Mr. Harriman himself. His enemies had planned better than they knew. Whether long continued, nerve racking, physical suffering had for once affected his otherwise so unfailing judgment (he told me later on that during the year 1906 there was not a day in which he was not tormented by severe pain), whether the contemplation of the Union Pacific's dazzling prosperity overcame temporarily the hitherto so potent sobriety of his brain (he had just amazed the financial world by placing the concern on a 10% basis of dividends and by realizing for it a

profit of \$60,000,000 on the sales of its holdings of Northern Pacific stock), whether for once his vast and restless ambition had broken through his calm reasoning, or whether it was simply an unaccountable solitary error of judgment, such as is found in the career of so many amongst the leaders of men, whatever be the cause or the explanation—he took action in that year which it has always seemed to me, was the one serious mistake of his management of Union Pacific affairs. I refer to the purchases of very large amounts of stocks of many other companies, which were made for the account and placed in the treasury of the Union Pacific. For some of these acquisitions, it must be said, there was valid, legitimate and, in fact, almost compelling reason, even at the then prevailing high prices, but for others it was and is difficult to discern sufficient warrant, especially considering the time and the cost at which they were made and the effect which they were likely to have and actually did have on public opinion. It is but fair to add that the problem of how to deal with the huge cash fund realized by the Union Pacific through the sale of its Northern Pacific stock holdings was an exceedingly difficult and complex one; that the operation of selling Northern Pacific stock and reinvesting the proceeds in the stocks of other lines did largely increase the annual income to the Union Pacific; and that Mr. Harriman—though admitting that the time for making the purchase was ineptly chosen, so far, at least, as prompt action was not more or less compulsory to forestall developments which might have been seriously detrimental to the Union Pacific—never changed his belief that the entire transaction, looked upon primarily as a change of investments, was advantageous to the Company, in that it greatly augmented its income, and would ultimately be found to carry with it, as to all of the stocks concerned, important and legitimate collateral benefits.

These transactions, first becoming known to the public

through the investigation of the Interstate Commerce Commission, which gave them a doubly suspicious appearance (they would, as a matter of course, have been disclosed anyhow in the next annual report of the Union Pacific), lent color to the impression that Mr. Harriman was aiming at a gigantic illegal monopoly of the railroad industry. This, taken together with the simultaneous unfair and hostile presentation of the old Chicago and Alton transaction, added to the latent irritations, enmities and apprehensions which his career and his ways had aroused, and fanned by the skilful and insidious publicity work of the Harriman Extermination League, it unchained a veritable cyclone of criticism, condemnation and defamation upon him. Mr. Harriman, on the witness stand, did nothing to set things right; he always made an indifferent witness, being impatient, resentful and defiant under examination, reluctant to explain so as to make things plain to the ordinary understanding and disdaining to defend himself against accusations or innuendo. An inflamed public sentiment lent ready credence to the allegations, accusations and insinuations which were spread broadcast, in the press, from the platform, in political assemblies, even from some pulpits. A kind of hysteria of fury against him swept over the land; he was denounced and anathematized as a horrible example of capitalistic greed and lawbreaking. The legal machinery of the Nation and of several of the States was set in motion to discover some breach of the law, however technical, of which he might be held guilty and convicted. Fairness and charity were thrown aside. All the good work he had done counted as nothing. Anything said in defence or even explanation was contemptuously and indignantly brushed aside. To say a good word for him was as much as one's reputation was worth. His punishment was clamored for. His expulsion from financial life was demanded. Anybody who would not dissociate himself from him became *particeps criminis*, a sharer of his guilt, in jeopardy of

sharing the doom which was to overtake Harriman. And very few there were who remained loyal to him, and still fewer who dared believe that he would ever recover his old position of prestige and influence. Even amongst those who remained friendly to him and honestly meant well by him, the greater number advised him to bow before the storm, temporarily resign from the presidency of his companies and retire to Europe for a year, giving as a reason the admittedly unsatisfactory condition of his health.

Amidst all this terrifying din, amidst this avalanche of vituperation, misrepresentation, threatening and assault, amidst the desertion of some friends, the lukewarmness of others, amidst the simultaneous strain and stress of a financial panic (during which, moreover, he did more than his full share in the work of support and relief), Mr. Harriman stood firm as a rock, calm, silent and dignified, his courage never daunted, his spirit never faltering, strong in his faith in himself and in the potency of truth, right and merit, strong in the approval of his own conscience as to his motives and actions. He did not complain, he asked nobody's help, he made no appeal for sympathy, he told no one that he was weak and ill and that the continuous nervous strain was a fearful tax on his impaired health, he stooped to no weapon not sanctioned by the rules of gentlemanly warfare though plenty of them lay ready to his hand and though his opponents were troubled by no such scruple, he offered no compromise, no concession, he did not budge an inch, he never for one moment took his hand off the helm—and thus he rode out the storm. The spectacle of a man undaunted, opposing his solitary strength and will to overwhelming odds, is always a fine and inspiring one. There have been contests far more important and spectacular and for far greater stakes, but I doubt whether any more superb courage in bearing and daring has ever been demonstrated than was shown by Mr. Harriman in those

long months of incessant onslaught. This sounds rhapsodical and exaggerated, but it is not. Only one who saw him in that period from close by, as I did, who had the privilege of hearing him "think aloud" as he used to call it, can appreciate the marvel of the lofty, indomitable spirit which animated, one might almost say which kept together, that weak, frail, sick, suffering body.

The fight lasted for a full year. Gradually the aspect of affairs began to change, gradually the effect of Mr. Harriman's brave and dignified attitude and masterful strategy began to tell. One fine morning it became known that in the face of universal discouragement, single-handed, directing matters from a sick bed, he had saved a very important railroad from bankruptcy, by one of those strokes of combined boldness and wisdom which had become familiar to those who knew him best and which, in this instance, marked the end of the 1907 panic. From that time on his star rose rapidly again. The people at last began to recognize that in his great constructive genius they possessed a national asset of no mean value; they also recognized that the man, his motives and purposes had been grievously maligned and misunderstood, and with characteristic impulsiveness and generosity they started to give him plentiful evidence of their change of heart. The Harriman Extermination League broke up; the more generous of its members frankly acknowledged his great qualities, admitted that he had been wronged and became whole-hearted adherents; others, from self-interest, made haste to climb on his band-wagon; only a few irreconcilables continued to sulk and frown but no longer dared attack him. He himself had learned in the bitterness and isolation of that one year that even the strongest cannot afford with impunity to ignore or be lacking in consideration for public opinion, to allow himself, through aloofness, secretiveness or otherwise, to become misunderstood by and

estranged from the people. He became mellow and more communicative; his door was no longer closed to the agencies which inform and thereby largely mould public opinion; he no longer resented scrutiny or even legitimate curiosity; he went about to meetings of merchants, shippers and farmers, occasionally making addresses, and proving by his appearance that he had neither claws nor hoofs. The last year of his life was a triumphal procession. He became the fashion, the hero of hundreds of newspaper and magazine articles, a popular, almost a romantic figure, he was lionized, his association was coveted, his was a name to conjure with, he was in demand for great business occasions as a popular artist is for great social entertainments. While his pride would not admit it, at the time he had felt deeply and keenly the flood of slanders and attacks upon his honor, honesty and character, and the severe condemnation passed upon him by public opinion. Though he was too firmly sustained by his conscience and faith for these assaults ever to have caused him to feel humiliated or to hold his head less high, yet he would not have been human if he had not been gratified by the sweeping change in sentiment and opinion regarding him. But, in a way, the old war-horse did not feel quite at ease as a spoiled and petted show animal. He said to me on one occasion during that time: "It seems ungracious, but I don't really like that 'pedestal' business. It hampers one's freedom of movement. It makes a fellow self-conscious if he knows that he is expected to look pretty all the time. I feel as if I was wearing an evening dress suit and a dude's high stiff collar all day long." In serious moods he would dwell upon the great claim which the confidence and goodwill of the people gave them upon his capacity to be of service to them, and he would speak with much earnestness of his full and willing recognition of the resulting duty, in the exercise of those gifts which Providence had bestowed upon him, not only

to consider (he had always done that), but to make his primary aim in the direction of his activities, the promotion of the country's welfare as it was given him to see it.

There were no longer any enemies to trouble him. The opportunity was now his, at last, to carry out his great plans of constructive work, without, as heretofore, all of the time having to interrupt himself to guard his rear and flanks against attacks or to dash forward and give battle. Having been elected a member of the board and executive committee of the New York Central Railroad, a position which he had long desired to hold, his mind was busily occupied with plans relating to the eastern railroad situation. But his frail, ill body, which had been kept together—as it were—by sheer force of will as long as the fight was raging, collapsed when the strain and tension was relaxed. In the early summer of 1909 he went abroad in search of health. A few months later he returned home to die. Those, newspaper men and others, who were present at his landing from the steamer and who accompanied him on the journey from New York to Arden, his country place, will never forget the superb exhibition of grit, pluck, self-control and self-reliance of which they were witnesses on that occasion. Mr. Harriman died on September 9, 1909, in his 62nd year.

I have confined this sketch in the main to matters and considerations incidental to Mr. Harriman's business career. I have refrained, amongst other things, from touching on the important and somewhat stormy chapter of his political activities, as I have little firsthand knowledge regarding them, except in connection with certain episodes which are too recent and of too personal a nature to discuss at present. It is significant of the tendency of Mr. Harriman's development that, though he had graduated from the "old" school of politics, he grew to hold some heterodox views, and the statesman for whom in his last years I heard him oftenest express admiration

and respect was the late Governor Johnson, the progressive Chief Executive of Minnesota. Although regarding him as an extremist in some respects, and disagreeing with him as to certain measures, in fact as to certain fundamentals (Mr. Harriman being a Republican and Governor Johnson a Democrat), he used to refer to him as the type of Radical who was neither demagogue, hypocrite, self-seeker or time-server, and whose leadership would be increasingly within lines of safety and sanity; a sincere, courageous and just man, open to reasoning and conviction, earnestly and painstakingly in search of the right, free from that instantaneous and intolerant "cocksureness" in dealing with intricate economic and other problems, which he looked upon as an irritating and damaging characteristic of many reformers, whose zeal outruns their knowledge, mental discipline and sense of responsibility and of proportion.

There is many another episode, many another manifestation of Mr. Harriman's character and spirit that I might and should like to relate but that I must pass over because of the limitations which discretion imposes. However, the picture would be essentially incomplete without making reference to his family life, which was a model of what an American home should be, and where he was ever surrounded by affection, gentleness, devoted care and sympathetic understanding. Nor should mention be omitted of his many acts of kindness and helpfulness, of his ever ready and generous support of charitable enterprises, altruistic efforts and public-spirited undertakings, and in particular of his active interest in the Boys' Club of the City of New York, of which admirable institution he was President for many years, and for the use of which he erected a fine building at the corner of Avenue A and Tenth Street.

It was my privilege to be closely associated with Mr. Harriman, to be honored with his friendship and confidence,

to see him almost daily during twelve years, to gain a close insight into the workings of his brain and soul. The better I got to know him, whom but very few knew and many misunderstood, the greater became my admiration for that remarkable man, the deeper my attachment. I am not blind to his shortcomings, but perfection is not of this world, and I believe it may be truly said of him as it was said of another great man that his faults were largely those of his generation, his virtues were his own. I have said before that he came to hold a greater power in the railroad world than is likely ever to be held again by any one man. In this remark I had reference not only to the very exceptional combination of qualities in him (I know of no parallel to this particular combination in our industrial-financial history), but even more to the fact that his death coincided with what appears to be the ending of an epoch in our economic development. His career was the embodiment of unfettered individualism. For better or for worse—personally I believe for better unless we go too far and too fast—the people appear determined to put limits and restraints upon the exercise of economic power and overlordship, just as in former days they put limits and restraints upon the absolutism of rulers. Therefore, I believe, there will be no successor to Mr. Harriman ; there will be no other career like his. To tell in full the romance of that wonderful career, to paint a faithful picture of that complex personality, to explain and make clear a number of matters the true inwardness of which has never yet been publicly told, is the work of a biographer which I hope and believe will before long be undertaken. I have tried to give you a sketch of the man's main characteristics and essential qualities as I saw them,—sympathetically and admiringly, I admit ; truthfully and without flattery, I believe.

While I was writing this sketch a poem by Rudyard Kipling recently published came to my notice, which struck me as so

appropriate, and so singularly descriptive of Mr. Harriman, and withal so fine in thought and language, that I beg leave to quote some of its lines as the closing note to these remarks :

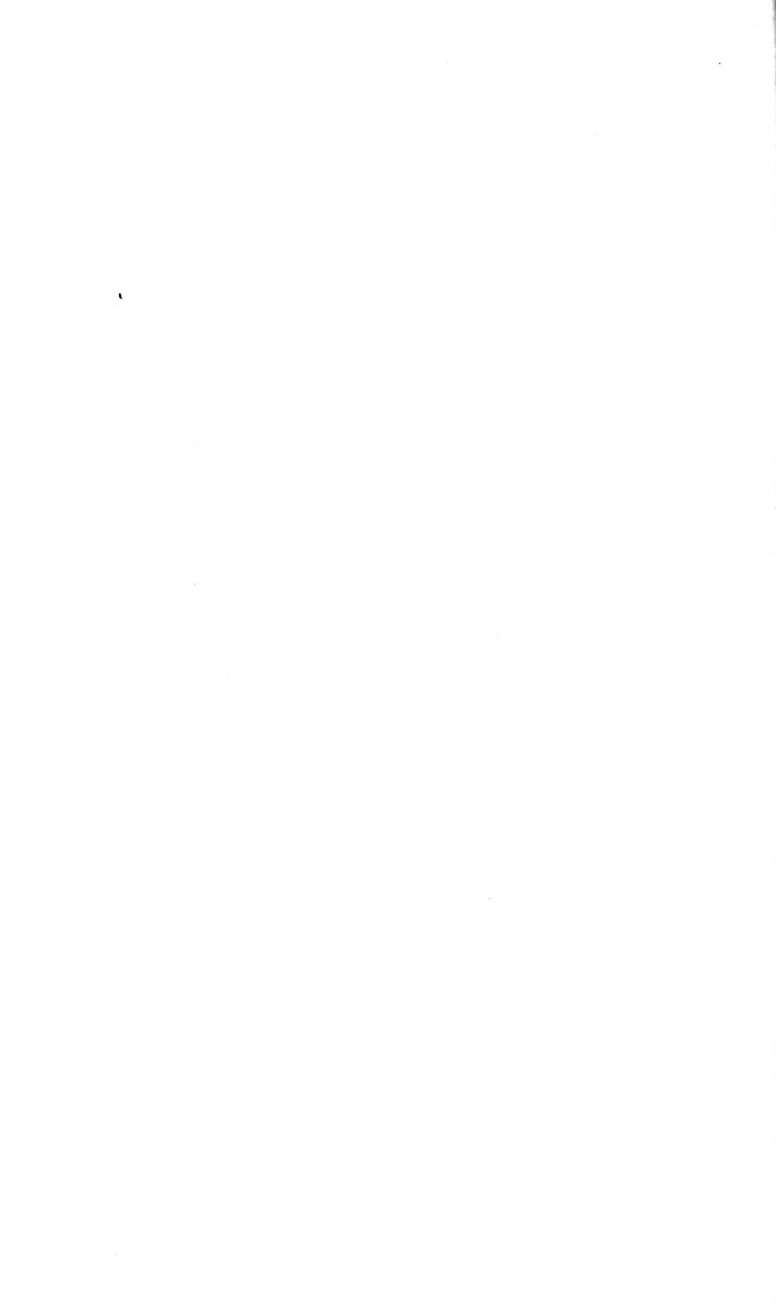
If you can keep your head when all about you
Are losing theirs and blaming it on you ;
If you can trust yourself when all men doubt you,
But make allowance for their doubting too ;
If you can wait and not be tired by waiting
Or being lied about don't deal in lies,
Or being hated don't give way to hating,
And yet don't look too good, nor talk too wise.
If you can dream—and not make dreams your master ;
If you can think—and not make thoughts your aim ;
If you can meet with Triumph and Disaster
And treat those two impostors just the same ;

* * * * *

If you can force your heart and nerve and sinew
To serve your turn long after they are gone,
And so hold on when there is nothing in you
Except the will which says to them : “ Hold on.”

* * * * *

If you can fill the unforgiving minute
With sixty seconds' worth of distance run,
Yours is the Earth and everything that's in it,
And—which is more—you'll be a Man, my son.



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